

## **Volume IV**

**PREPA Exhibit No. 5**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as a representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA Title III

Case No. 17-BK-4780-LTS

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).



THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Plaintiff/  
Counterclaim-  
Defendant,

PUERTO RICO FISCAL AGENCY AND FINANCIAL  
ADVISORY AUTHORITY, THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF ALL TITLE III  
DEBTORS, UNION DE TRABAJADORES DE LA  
INDUSTRIA ELECTRICA Y RIEGO INC., AND SISTEMA  
DE RETIRO DE LOS EMPLEADOS DE LA AUTORIDAD  
DE ENERGIA ELECTRICA,

Plaintiff-Intervenors,

v.

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE,

Defendant/  
Counterclaim-  
Plaintiff,

THE AD HOC GROUP OF PREPA BONDHOLDERS,  
ASSURED GUARANTY CORP., ASSURED GUARANTY  
MUNICIPAL CORP., NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION, AND SYNCORA  
GUARANTEE, INC.,

Defendant-  
Intervenors/  
Counterclaim-  
Plaintiffs.

Adv. Proc. No. 19-00391-LTS

PROMESA Title III

THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

as a representative of

Adv. Proc. No. 19-00391-LTS

PROMESA Title III



PUERTO RICO ELECTRIC POWER AUTHORITY,

Movant,

v.

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE,

Defendant/  
Counterclaim-  
Plaintiff,

THE AD HOC GROUP OF PREPA BONDHOLDERS,  
ASSURED GUARANTY CORP., ASSURED GUARANTY  
MUNICIPAL CORP., NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION, AND SYNCORA  
GUARANTEE, INC.,

Defendant-Intervenors/  
Counterclaim-Plaintiffs.

**DECLARATION OF NELSON MORALES IN RESPECT OF MOTION OF THE  
PUERTO RICO ELECTRIC POWER AUTHORITY, BY AND THROUGH THE  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,  
FOR SUMMARY JUDGMENT PURSUANT TO BANKRUPTCY RULE 7056**

I, Nelson Morales, hereby declare:

1. I am the Chief Financial Officer of the Puerto Rico Electric Power Authority (“PREPA”). I am over 18 years of age and I am authorized to make and submit this declaration on PREPA’s behalf.

2. As PREPA’s Chief Financial Officer, I lead PREPA’s Finance Directorate. PREPA’s Finance Directorate is responsible for the financial and accounting aspects of PREPA’s day-to-day operations. These operations include, among other things, day-to-day cash flow, budgeting, accounting books and records, and financial reporting.



3. In my role as Chief Financial Officer, I am familiar with the books, records, policies, and documents maintained by PREPA (the "Business Records"). The Business Records are kept by PREPA in the regular course of its business and are made at or near the time of the events appearing therein by, or from information provided by, persons with knowledge of the activity. PREPA makes such records in the regular course of business. I have personal knowledge of the matters stated herein or have acquired such knowledge by personally examining the Business Records kept by PREPA. If called upon to testify as to the matters stated herein, I would and could competently testify thereto.

4. In my role as Chief Financial Officer, I am familiar with the trust agreement dated January 1, 1974 among the Puerto Rico Water Resources Authority<sup>2</sup> and First National City Bank, as amended and supplemented (the "Trust Agreement"), and documents and agreements issued thereunder.

5. A true and correct copy of the Trust Agreement, dated as of January 1, 1974, is attached hereto as Exhibit A.

6. Between 1974 and 2017, the Trust Agreement was amended several times.

7. The first amendment, entitled "Supplemental Agreement," is dated as of August 1, 1983. Attached hereto as Exhibit B is a true and correct copy of the first amendment to the Trust Agreement.

8. The second amendment, entitled "Second Supplemental Agreement," is dated as of February 1, 1988. Attached hereto as Exhibit C is a true and correct copy of the second amendment to the Trust Agreement.

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<sup>2</sup> PREPA used to be called the Puerto Rico Water Resources Authority. See 22 P.R. LAWS ANN. Tit. 22, § 191 ("The Water Resources Authority, created pursuant to Act No. 83 of May 2, 1941, amended [ §§ 191-217 of this title ], is hereby designated with the new name of Puerto Rico Electric Power Authority.").



9. The third amendment, entitled "Third Supplemental Agreement," is dated as of January 12, 2011. Attached hereto as **Exhibit D** is a true and correct copy of the third amendment to the Trust Agreement.

10. The fourth amendment, entitled "Fourth Supplemental Agreement," is dated as of August 24, 1989. Attached hereto as **Exhibit E** is a true and correct copy of the fourth amendment to the Trust Agreement.

11. The fifth amendment, entitled "Fifth Supplemental Agreement," is dated as of August 14, 1991. Attached hereto as **Exhibit F** is a true and correct copy of the fifth amendment to the Trust Agreement.

12. The sixth amendment, entitled "Sixth Supplemental Agreement," is dated as of September 1, 1992. Attached hereto as **Exhibit G** is a true and correct copy of the sixth amendment to the Trust Agreement.

13. The seventh amendment, entitled "Seventh Supplemental Agreement," is dated as of January 1, 1994. Attached hereto as **Exhibit H** is a true and correct copy of the seventh amendment to the Trust Agreement.

14. The eighth amendment, entitled "Eighth Supplemental Agreement," is dated as of May 1, 1997. Attached hereto as **Exhibit I** is a true and correct copy of the eighth amendment to the Trust Agreement.

15. The ninth amendment, entitled "Ninth Supplemental Agreement," is dated as of June 1, 1994. Attached hereto as **Exhibit J** is a true and correct copy of the ninth amendment to the Trust Agreement.



16. The tenth amendment, entitled "Tenth Supplemental Agreement," is dated as of August 1, 1995. Attached hereto as **Exhibit K** is a true and correct copy of the tenth amendment to the Trust Agreement.

17. The eleventh amendment, entitled "Eleventh Supplemental Agreement," is dated as of April 1, 1999. Attached hereto as **Exhibit L** is a true and correct copy of the eleventh amendment to the Trust Agreement.

18. The twelfth amendment, entitled "Twelfth Supplemental Agreement," is dated as of April 1, 1998. Attached hereto as **Exhibit M** is a true and correct copy of the twelfth amendment to the Trust Agreement.

19. The thirteenth amendment, entitled "Thirteenth Supplemental Agreement," is dated as of January 1, 2002. Attached hereto as **Exhibit N** is a true and correct copy of the thirteenth amendment to the Trust Agreement.

20. The fourteenth amendment, entitled "Fourteenth Supplemental Agreement," is dated as of March 12, 2010. Attached hereto as **Exhibit O** is a true and correct copy of the fourteenth amendment to the Trust Agreement.

21. The fifteenth amendment, entitled "Fifteenth Supplemental Agreement," is dated as of May 29, 2010. Attached hereto as **Exhibit P** is a true and correct copy of the fifteenth amendment to the Trust Agreement.

22. The sixteenth amendment, entitled "Sixteenth Supplemental Agreement," is dated as of August 1, 2014. Attached hereto as **Exhibit Q** is a true and correct copy of the sixteenth amendment to the Trust Agreement.



23. The seventeenth amendment, entitled “Seventeenth Supplemental Agreement,” is dated as of July 1, 2015. Attached hereto as **Exhibit R** is a true and correct copy of the seventeenth amendment to the Trust Agreement.

24. The eighteenth amendment, entitled “Eighteenth Supplemental Agreement,” is dated as of March 1, 2016. Attached hereto as **Exhibit S** is a true and correct copy of the eighteenth amendment to the Trust Agreement.

25. The eighteenth amendment was itself further amended through a document entitled “First Amendment to Eighteenth Supplemental Agreement” and is dated as of June 1, 2016. Attached hereto as **Exhibit T** is a true and correct copy of the first amendment of the eighteenth amendment to the Trust Agreement.

26. The nineteenth amendment, entitled “Nineteenth Supplemental Agreement,” is dated as of April 1, 2017. Attached hereto as **Exhibit U** is a true and correct copy of the nineteenth amendment to the Trust Agreement.

27. To my knowledge and based on my review of PREPA’s business records, no additional amendments to the Trust Agreement were executed.

28. To my knowledge and based on my review of PREPA’s business records, no “consolidated” or “amended and restated” version of the Trust Agreement was ever executed.

29. Attached hereto as **Exhibit V** is a true and correct copy of the official statement that PREPA filed on August 16, 2013 in the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board (MSRB) in connection with PREPA’s issuance of Power Revenue Bonds, Series 2013A.

30. Attached hereto as **Exhibit W** is a true and correct copy of the specimen bond for the Power Revenue Bonds, Series 2013A.

31. To my knowledge and based on my review of PREPA's business records, the "Series 2015A" bonds were paid in full prior to the filing of PREPA's Title III petition.

32. Consistent with the Trust Agreement, the accounts (including all sub-accounts) comprising the "Sinking Fund" and "Self-Insurance Funds" (each as defined in the Trust Agreement, as amended) are held at U.S. Bank, National Association, as Trustee under the Trust Agreement (the "Trustee"), as depository bank.

33. As of the petition date (July 3, 2017), the PREPA deposit accounts held at U.S. Bank (the "Trustee-Held Deposit Accounts") were as follows:<sup>3</sup>

Account Number (Last Four Digits)	Description
8002	Sinking Fund Interest
8004	Sinking Fund Reserve
8013	Self Insurance
8015	Self Insurance Sub A
8016	Self Insurance
8017	Sinking Fund Reserve Sub A
8018	Sinking Fund Reserve Sub B
8019	Sinking Fund Reserve Sub C
8020	Sinking Fund Reserve Sub D
0001	Ser VV Escrow Dep
1001	CAPI Series 2012A
9000	PREPA Rev Fund Ser 2013A

<sup>3</sup> This list does not include a deposit account held at U.S. Bank as depository bank that was opened after PREPA's petition date to hold certain funds received from the U.S. Environmental Protection Agency. This account is not part of the Sinking Fund or Subordinate Funds as those terms are defined in the Trust Agreement.

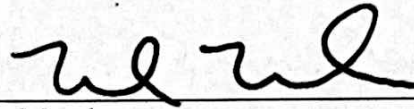


9001	CAPI Series 2013A
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34. PREPA maintains other bank accounts in its own name at several institutions other than U.S. Bank. To my knowledge and based on my review of PREPA's business records, PREPA and the Trustee are not parties to any deposit account control agreements with respect to any of these accounts.

I declare under penalty of perjury under 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed on: October 24, 2022, in San Juan, Puerto Rico.

A handwritten signature in black ink, appearing to read 'Nelson Morales', written over a horizontal line.

Nelson Morales